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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
 )  
Billed Party Preference for ) CC Docket No. 92-77  
InterLATA 0+ Calls )

COMMENTS

MCI TELECOMMUNICATIONS CORPORATION

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Dated: July 17, 1996

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### SUMMARY

MCI agrees that consumers should be able to know the rates being charged by OSPs for their services. Current rule Section 64.703(a)(3), which requires OSPs to disclose their rates on request, achieves this need without imposing any significant burden on carriers. BPP, which would ensure that 0+ calls were routed to the consumer's carrier of choice, also would achieve this purpose.

The Commission's proposed rule, which would require that OSPs with rates in excess of the Commission's proposed benchmark disclose the rates applicable to the first minute and each additional minute of a call, would significantly increase the burden on OSPs by requiring rate disclosure on all calls, even when consumers already know and accept the rates, without significantly improving the protection afforded consumers under the current rule. In addition, the proposed rule would not prevent abuse in the operator services market because it does not change the existing incentives that lead to abuse. Accordingly, the proposed rule should not be adopted.

In any event, OSPs should not be required to include property imposed fees (PIFs) in any rate disclosure required by the Commission's rule because PIFs are not part of the carrier's tariffed rate. Rather, the Commission should require premise owners and aggregators who impose PIFs and other surcharges to post those charges on phones at their premises. In this manner,

consumers can be clearly informed of the amount and source of these charges.

The Commission should not adopt mandatory detariffing for domestic operator services for all the reasons presented by consumers and carriers in CC Docket No. 96-61. If, however, the Commission concludes that tariffs are not required to protect the public interest, then there can be no justification for an informational tariff and the Commission should forbear from applying this requirement. And, if the Commission ultimately does not require mandatory detariffing, then OSPs will have tariffs on file at the Commission and an informational tariff would be a useless duplication of effort.

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**COMMENTS**

MCI Telecommunications Corporation (MCI) hereby comments on the Commission's Notice of Proposed Rulemaking concerning the adoption and implementation of price disclosures on operator service calls as an alternative to billed party preference (BPP).

I. **INTRODUCTION**

Although the Commission has found that BPP would generate significant benefits, it has now tentatively concluded that, because of the costs associated with BPP, some other approach should be adopted at this time to address certain problems in the operator services market. Specifically, the Commission proposes to require that carriers disclose the charge for a call at the time it is placed if the carrier's rates exceed certain benchmark levels, which would be determined based on the rates of MCI, AT&T, and Sprint. The Commission requests comment on this proposal, as well as a number of other issues.

## II. BPP WOULD PREVENT OPERATOR SERVICE ABUSES BY CHANGING INCENTIVES

Despite the number of operator service proceedings conducted by the Commission during the past six years, including enforcement proceedings, operator service providers (OSPs) and aggregators continue to violate Commission rules because the incentives created under the current system encourage such violations. So long as OSPs "compete" to be the presubscribed carrier at a location by offering commission payments to premise owners, they may charge the calling public high rates in order to pay those commissions and profit. And, aggregators will have the incentive to try to force consumers to use the presubscribed carrier to increase those payments. One example of this is the recent proliferation of payphones with keypads without alphabetical characters, which are intended to frustrate consumers' efforts to dial competitive services, such as 1-800-COLLECT. Another well publicized example of these incentives occurred recently when the Georgia Public Service Commission terminated service to hundreds of payphones at the site of the Olympic Games because they violated state and federal operator service rules.

With BPP, OSPs would have an incentive to compete for the consumer's business on the basis of cost and service quality, which is the best way to protect the public, promote true competition in this market, and end the need for a never-ending series of administrative proceedings. The Commission's rate

disclosure proposal, however, simply will not change incentives and behavior, and, therefore, will not prevent abuse in the operator services market. Rather, the proposed rule will simply represent one more hurdle -- with resulting cost -- that honest carriers will have to deal with and one more rule that bad actors can ignore. Accordingly, the Commission promptly should abandon it.

### III. AN ADDITIONAL RATE DISCLOSURE RULE IS NOT NEEDED

MCI agrees that consumers should be able to know the rates being charged by OSPs for their services. Current rule Section 64.703(a)(3), which requires OSPs to disclose their rates on request, achieves this need without imposing any significant burden on carriers. BPP, which would ensure that 0+ calls were routed to the consumer's carrier of choice, also would achieve this purpose.

The proposed rule, which would require that OSPs with rates in excess of the Commission's proposed benchmark disclose the rates applicable to the first minute and each additional minute of a call, would significantly increase the burden on OSPs by requiring rate disclosure on all calls, even when consumers already know and accept the rates, without significantly improving the protection afforded consumers under the current rule. All calls may have to be sent to a live operator, in the near term, in order to disclose the rates for a call. MCI estimates that it would cost an additional \$0.40 per call to do

this. And, while it may be possible to develop an automated system that can quote a rate at the point the call is made, this nevertheless will significantly increase the OSP's cost. In addition, providing a rate quote, either through a live operator or an automated system, would increase dialing delay and the amount of time each call is using the network which, ultimately, results in higher costs because the OSP will need to employ additional facilities.

The Commission's proposed alternative -- that OSPs might be able to provide adequate information if they orally disclosed the highest amount that could be charged for a domestic call lasting seven minutes -- is no better. In fact, it could be worse because costs and dialing delay would still occur, and the disclosure would probably only confuse consumers.

In any event, OSPs should not be required to include property imposed fees (PIFs) in any rate disclosure required by the Commission's rule because PIFs are not part of the carrier's tariffed rate. Rather, the Commission, assuming that it has the legal authority to do so, should require premise owners and aggregators who impose PIFs and other surcharges to post those charges on phones at their premises. In this manner, consumers can be clearly informed of the amount and source of these charges, which are not those of carriers, and consumer pressure to reduce or eliminate these charges can be brought at the appropriate place.

IV. THE COMMISSION SHOULD FORBEAR FROM APPLYING THE  
INFORMATIONAL TARIFF REQUIREMENT

The Commission seeks comment on whether the informational tariff requirement is necessary, or whether the Commission should forbear from applying it. The Commission also asks whether it should forbear from applying the informational tariff requirement to non-dominant interexchange OSPs if they either provide an audible disclosure of the applicable rate and charges or certify that they will not charge more than Commission-established benchmarks for such calls. The Commission tentatively concludes that it should adopt a mandatory detariffing policy for domestic operator services, as it has proposed for other domestic services.<sup>1</sup>

The Commission should not adopt mandatory detariffing for domestic operator services for all the reasons presented by consumers and carriers in CC Docket No. 96-61. If, however, the Commission concludes that tariffs are not required to protect the public interest, then there can be no justification for an informational tariff and the Commission should forbear from applying this requirement. And, if the Commission ultimately does not require mandatory detariffing, then OSPs will have tariffs on file at the Commission and an informational tariff

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<sup>1</sup> The record in that proceeding, CC Docket No. 96-61, clearly does not support the Commission's mandatory detariffing proposal.



would be a useless duplication of effort.<sup>2</sup>

V. THE SAME RATE DISCLOSURE RULES SHOULD APPLY TO INMATE PHONES

The Commission asks whether the public interest would be better served by some alternative remedy for prison inmate calling including, but not limited to, requiring full price disclosure to the party to be billed for a collect call before connecting the call. If the Commission requires price disclosure for other operator services, then the requirement should be applied equally for prisons. For example, a benchmark should be set based on the average prison rates of MCI, AT&T and Sprint, plus some margin. Only carriers with rates above the benchmark should have to disclose their rates.

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<sup>2</sup> When the Congress enacted the informational tariff requirement, most carriers, particularly OSPs, had no real tariffs on file because they were operating under the Commission's forbearance policy, which the courts struck down.

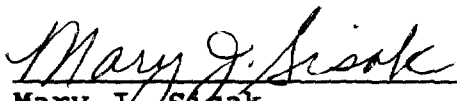
VI. CONCLUSION

Based on the foregoing, MCI respectfully requests that the Commission adopt the recommendations contained herein.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

By:

A handwritten signature in cursive script, appearing to read "Mary J. Sisak", is written over a horizontal line.

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Dated: July 17, 1996